



Assessment Audit Report

Waitsburg Coppei Flood Control District

For the period January 1, 2020 through December 31, 2021

Published August 18, 2022

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**Office of the Washington State Auditor
Pat McCarthy**

August 18, 2022

Board of Directors
Waitsburg Coppei Flood Control District
Waitsburg, Washington

Report on Assessment Audit

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

The attached report describes the procedures performed and conclusions for the areas we reviewed. We appreciate the opportunity to work with your staff, and value your cooperation during the assessment audit.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy, State Auditor
Olympia, WA

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AUDIT SUMMARY

Results in brief

This was the first audit of the District following our report on unauditable government for the period January 1, 2018 through December 31, 2019.

Based on the procedures performed, we identified areas where the District could make improvements. These recommendations are included with our report as a finding. In other areas we reviewed, nothing came to our attention that caused us to believe the District was not in substantial compliance with applicable state laws, regulations, and its own policies or had not provided adequate controls over the safeguarding of public resources. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

About the assessment audit

This report contains the results of our independent audit of the Waitsburg Coppei Flood Control District from January 1, 2020 through December 31, 2021.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives. State law (RCW 43.09.230) also requires local governments to prepare and submit certified annual reports to our Office summarizing such things as revenues received, collections made, amounts receivable or payable, expenditures made, and debt owed.

This assessment audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments at least once every three years. Assessment audits are risk-based, limited-scope reviews of small local governments, generally defined as local governments with less than \$300,000 in annual revenues. To help minimize audit costs, our work for this engagement was conducted off-site primarily using financial and other information provided by the District.

This assessment audit was limited to the following:

- Verifying that annual reports submitted to our Office were complete and filed timely in compliance with state law
- Corroborating financial information reported by the District by comparing it to third-party sources

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Waitsburg Coppei Flood Control District January 1, 2020 through December 31, 2021

2021-001 The District lacked adequate internal controls over financial reporting to ensure compliance with timely and accurate report submissions.

Background

Waitsburg Coopei Flood Control District operates and maintains a flood control system to protect life and property in Walla Walla County. The District does not currently collect revenues. The District has been inactive for several years, and the State Auditor's Office declared it unauditale in October 2020. Because of the unauditale status, the County appointed a two-member Board of Directors to govern the District; however, all appointed Directors resigned in October 2021.

State law (RCW 43.09.230) requires the District to submit an annual financial report to our Office within 150 days after the end of its fiscal year. The annual financial report includes summaries of financial information and supporting schedules.

The District is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance it safeguards public resources in compliance with applicable state laws and the *Budgeting, Accounting, and Reporting System* (BARS) manual.

Description of Condition

The District did not submit its 2020 or 2021 annual reports within 150 days of its fiscal year-end.

This issue was reported as a finding in the prior Report on Unauditale Governments as Finding 2019-001.

Cause of Condition

Due to the Directors' resignations, the District could not establish an operational structure to ensure it complied with state laws regarding annual financial reporting.

Effect of Condition

Because it could not retain a Board, the District did not file its 2020 or 2021 annual reports. On behalf of the District, Walla Walla County confirmed the District's cash

balances and filed its 2020 and 2021 annual reports 423 and 58 days late, respectively.

Filing inaccurate and late annual reports prevents District officials, the public, and other interested parties from obtaining financial information about the District. These delays and inaccuracies also hinder public transparency and our Office's efforts to compile statistical and financial information that the Legislature and others use.

Recommendation

We recommend that the County appoint a new governing body to ensure timely filing or dissolve the District.

District's Response

This has been an ongoing issue in Walla Walla County for the past several years. We had thought that appointment of two board members during 2020 would be the start of resolving the issues with the flood control district. It has become apparent the appointment of two Board Members has not, and will not, resolve the issue due to the fact that both board members resigned during 2021. The County Commissioners have discussed, in an open public meeting on June 6, 2022, that our plan moving forward is to dissolve the District.

Auditor's Remarks

We thank the County for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the District's corrective action during our next audit.

Applicable Laws and Regulations

The *Budgeting, Accounting and Report System* (BARS) manual, 3.1.3, Internal Control

RCW 43.09.200, Local government accounting – Uniform system of accounting

RCW 43.09.230, Local government accounting – Annual reports – Comparative statistics.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Waitsburg Coppei Flood Control District January 1, 2020 through December 31, 2021

This schedule presents the status of findings reported in prior audit periods.

Audit Period: January 1, 2018 through December 31, 2019	Report Ref. No.: 1027227	Finding Ref. No.: 2019-001
Finding Caption: We could not conduct an audit as required by state law because the District did not submit its annual financial reports with our Office and did not respond to our requests for financial information for January 1, 2018 through December 31, 2019, which is also required by state law.		
Background: We could not conduct an audit because the District did not submit the annual financial reports with our Office for 11 years and did not respond to our requests for financial information.		
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>This has been an ongoing issue in Walla Walla County for the past several years. We had thought that appointment of two board members during 2020 would be the start of resolving the issues with the flood control district. It has become apparent the appointment of two Board Members has not, and will not, resolve the issue due to the fact that both board members resigned during 2021. The County Commissioners have discussed, in an open public meeting on June 6, 2022, that our plan moving forward is to dissolve the District.</i>		

INFORMATION ABOUT THE DISTRICT

The Waitsburg Coppei Flood Control District provide operation and maintenance of a flood control system for the protection of life and property in Walla Walla County.

A three-member Board of Directors governs the District; however, currently all positions are vacant. There were no revenues collected by the district.

Contact information related to this report

Address:	Waitsburg Coppei Flood Control District P.O. Box 685 Waitsburg, WA 99361
Contact:	Todd Kimball, Walla Walla County Commissioner
Telephone:	509-524-2505

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Waitsburg Coppei Flood Control District at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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